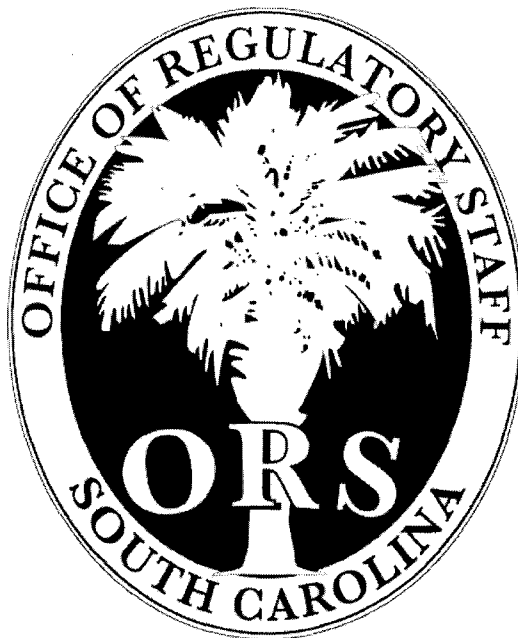


**THE OFFICE OF REGULATORY STAFF
SETTLEMENT TESTIMONY
OF**

CAREY M. FLYNT

JULY 23, 2008



DOCKET NO. 2008-4-G

**ANNUAL REVIEW OF THE
PURCHASED GAS ADJUSTMENTS AND GAS
PURCHASING POLICIES OF
PIEDMONT NATURAL GAS COMPANY**

July 23, 2008

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SETTLEMENT AGREEMENT TESTIMONY OF CAREY M. FLYNT
FOR
THE OFFICE OF REGULATORY STAFF
DOCKET NO. 2008-4-G

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND OCCUPATION.

A. My name is Carey M. Flynt. My business address is 1441 Main Street, Suite 300, Columbia, South Carolina 29201. I am employed by the State of South Carolina as Manager of the Gas Department for the Office of Regulatory Staff ("ORS").

Q. ARE YOU THE SAME CAREY M. FLYNT WHO PREFILED DIRECT TESTIMONY IN THIS DOCKET ON JUNE 25, 2008?

A. Yes, I am.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I will discuss and support the Settlement Agreement reached by all parties of record in the Annual Review of Purchased Gas Adjustment and Gas Purchasing Policies of Piedmont Natural Gas Company ("PNG").

Q. WOULD YOU PLEASE DESCRIBE THE SETTLEMENT AGREEMENT REACHED BY ALL PARTIES IN THE DOCKET AND FILED WITH THIS COMMISSION ON JULY 15, 2008.

A. Yes.

(1) PNG's gas purchasing policies and practices during the Review Period were reasonable and prudent,

1 (2) PNG properly adhered to the gas cost recovery provisions of its gas tariff and
2 relevant Commission orders during the Review Period,

3 (3) PNG managed its hedging program during the Review Period in a reasonable and
4 prudent manner consistent with Commission orders; and

5 (4) the end-of-period balances for PNG's hedging and deferred gas costs accounts are
6 those reflected in the testimony of ORS witness Daniel F. Sullivan.

7 **Q. IS APPROVAL OF THE SETTLEMENT AGREEMENT IN THE PUBLIC**
8 **INTEREST?**

9 **A.** Yes. Following extensive review, audit and discussions, ORS has determined that
10 the terms of the Settlement Agreement serve the public interest. The Settlement is
11 offered by all parties as a fair, reasonable and full resolution of all issues in this
12 proceeding as signified by all parties being signatories to the Settlement Agreement.

13
14 S.C. Code Section 58-4-10(B) (1) through (3) reads in part as follows:
15

16 "... 'public interest' means a balancing of the following:

- 17 - concerns of the using and consuming public with respect to public
- 18 utility services, regardless of the class of customer;
- 19 - economic development and job attraction and retention in South
- 20 Carolina; and
- 21 - preservation of the financial integrity of the State's public utilities and
- 22 continued investment in and maintenance of utility facilities so as to
- 23 provide reliable and high quality utility services."
- 24

25 The Settlement Agreement reached by the parties in this docket balances the
26 concerns of the using public and preserves the financial integrity of the Company.
27 Further, ORS believes that the Settlement Agreement does not inhibit economic

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1 development.

2 Therefore, ORS recommends approval of the Settlement Agreement filed in this
3 proceeding.

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 **A.** Yes it does.

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2008-4-G

IN RE:)	
Annual Review of Purchased Gas Adjustment)	CERTIFICATE OF
and Gas Purchasing Policies of Piedmont)	SERVICE
Natural Gas Company, Incorporated)	

This is to certify that I, Chrystal L. Morgan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **SETTLEMENT TESTIMONY OF CAREY M. FLYNT** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

James H. Jeffries IV, Esquire
Moore & Van Allen PLLC
Bank of America Corporate Center
100 North Tryon Street, Suite 4700
Charlotte, NC, 28202-4003

Tom Skains, Chairman, President, and CEO
David Carpenter, Director of Rates
Piedmont Natural Gas Company
P.O. Box 33068
Charlotte, NC, 28233



Chrystal L. Morgan

July 23, 2008
Columbia, South Carolina